88-811

No.

SUPREME COURT, U.S.
FILED
NOV 15 1988
JOSEPH F. SPANIOL, JR.
CLERK

In the Supreme Court

OF THE

United States

OCTOBER TERM, 1988

U.S. ROBOTICS, INC.,
Respondent,

VS.

BUSINESS COMPUTER CORPORATION,
Petitioner,

and MICHAEL D. EATON.

BUSINESS COMPUTER CORPORATION,
Petitioner,

VS.

PROMETHEUS PRODUCTS, INC.,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

GEORGE C. LIMBACH
RONALD L. YIN
LIMBACH, LIMBACH & SUTTON
2001 Ferry Building
San Francisco, CA 94111
(415) 433-4150
Attorneys for Petitioner

BOWNE OF SAN FRANCISCO INC. • 190 NINTH ST. • S.F., CA 94103 • (415) 864-2300

QUESTION PRESENTED

Where a patent was successfully re-examined pursuant to a procedure which is the subject of specific Congressional legislation for the specific purpose of strengthening the validity of patents, did Congress intend the presumption of validity also be strengthened?

PARTIES TO THE PROCEEDING

The petitioner is Business Computer Corporation. Business Computer Corporation has no parent, subsidiary, or affiliated companies.

The respondents are U.S. Robotics, Inc., and Prometheus Products, Inc.

TABLE OF CONTENTS

	Page
Question Presented	i
Parties to the Proceeding	ii
Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit	1
Opinions Below	1
Jurisdiction	2
Constitutional Provision and Statutes Involved	2
Statement of the Case	2
Reasons for Granting the Petition	3
Conclusion	5
Appendix A	A-1

TABLE OF AUTHORITIES

Cases

	Page
Diamond v. Chakrabarty, 447 U.S. 303 (1980)	5
Marbury v. Madison, 5 U.S. (1 Cranch) 137 (1803)	5
Patlex Corporation v. Mossinghoff, 758 F.2d 594 (Fed. Cir. 1985)	4
Thomas v. Washington Gas Light Co., 448 U.S. 261 (1980)	5

Constitution, Statutes and Rules

United States Constitution, Art. I, Section 8	2
28 U.S.C. § 1254(1)	2
35 U.S.C. § 282	2, 4
35 U.S.C. § 302	2, 3
Public Law 96-517, Section 1	3

Other Authorities

Adamo, Reexamination—To What Avail? An Overview, 63 J. Pat. Off. Soc'y 616, 616 n. 2 (1981)	4
Legislative History of Pub. Law 96-517, p. 6460, 6462, H.R. Rep. No. 96-1307, 96th Cong.2nd Sess., *reprinted in* 1980 U.S. Code Cong. & Ad. News 6460	3

No.

In the Supreme Court

OF THE

United States

OCTOBER TERM, 1988

U.S. ROBOTICS, INC.,
Respondent,

VS.

BUSINESS COMPUTER CORPORATION,
Petitioner,

and MICHAEL D. EATON.

BUSINESS COMPUTER CORPORATION,
Petitioner,

VS.

PROMETHEUS PRODUCTS, INC.,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Business Computer Corporation hereby petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

There is no reported opinion for either the District Court or the Court of Appeals for the Federal Circuit.

JURISDICTION

The judgment of the Court of Appeals for the Federal Circuit was entered August 17, 1988. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1) (1982).

CONSTITUTIONAL PROVISION AND STATUTES INVOLVED

Article I, Section 8, of the Constitution of the United States of America provides as follows:

> "Congress shall have the power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries"

The patent statutes provide:

35 U.S.C. § 302

> "Any person at any time may file a request for reexamination by the Office of any claim of a patent on the basis of any prior art. . . ."

35 U.S.C. § 282

> "A patent shall be presumed valid."

STATEMENT OF THE CASE

U.S. Robotics brought a declaratory judgment suit against Business Computer Corporation in the Northern District of Illinois for a declaration that U.S. Patent No. 4,387,440 ("Eaton patent") was either invalid or not infringed. Business Computer Corporation counterclaimed for infringement of the Eaton patent.

That action was transferred to and later consolidated with an Eaton patent infringement suit brought by Business Computer Corporation against Prometheus Products, Inc., in the Northern District of California. The consolidated action demanded a trial by jury.

In the course of discovery in the case, a number of technical references were brought to the attention of Business Computer Corporation. Business Computer Corporation filed for a re-examination of the Eaton patent in light of these new references, pursuant to 35 U.S.C. § 302 (1982). The Eaton patent was successfully re-examined.

Subsequently, respondents brought a motion for summary judgment that the re-examined Eaton patent was invalid. Without any hearing or oral argument on the motion for summary judgment, the District Court rendered an opinion and entered judgment finding the re-examined Eaton patent invalid.

The Court of Appeals in a terse, three-page, unreported opinion, affirmed the judgment below. The Court of Appeals decided the case without discussing or citing any case authority of whether a re-examined patent should be given a greater presumption of validity. In short, the foundation (the presumption of validity) that is the underpinning of a strong patent system was not discussed, and the opinion for or against the question presented was not reported and cannot be cited as precedent.

REASONS FOR GRANTING THE PETITION

Prior to 1980, patents were judicially held invalid at an alarming rate. To strengthen the validity of patents, Section 1 of Public Law 96-517 was enacted December 12, 1980. Pub. L. 96-517 § 1, 94 Stat. 3015 (1980) (codified at 35 U.S.C. §§ 301-307 (1982)). That statute provided, inter alia, that a patent, even once issued, may be re-examined by the Patent and Trademark Office for the purpose of strengthening the validity of that patent. The legislative history reports one of the purposes of the legislation is to "strengthen[s] investor confidence in the certainty of patent rights". See Legislative History of Pub. Law 96-517, p.6460, 6462, H.R. Rep. No.96-1307, 96th Cong.2nd Sess., *reprinted* in 1980 U.S. Code Cong. & Ad. News 6460.

President Carter in signing the legislation stated "The patent reexamination procedures . . . constitute the most significant improvement in our patent laws in more than a century. . . This legislation will improve the reliability of reexamined patents."

Statement by the President, Office of the White House Press Secretary, December 12, 1980, as reported in Adamo, *Reexamination—To What Avail? An Overview*, 63 J. Pat. Off. Soc'y 616, 616 n. 2 (1981). In fact, the Court of Appeals in *Patlex Corporation v. Mossinghoff*, 758 F.2d 594 (Fed. Cir. 1985) found that one of the legislative purposes of the re-examination proceeding is "to revive United States industry's competitive vitality by restoring confidence in the validity of patents issued by the PTO." *Id.* at 601.

Although Public Law 96-517, providing for the re-examination procedure, was enacted it did not alter the language of 35 U.S.C. § 282, the presumption of validity. Thus, there are two possible interpretations of the re-examination procedure on the presumption of validity. The first interpretation is that Congress intended the validity of reexamined patents to be enhanced. Petitioner relied upon this interpretation and urged its adoption in the proceedings below. However, neither the District Court nor the Federal Circuit adopted this interpretation. Instead, the Federal Circuit held, in the last paragraph of the opinion (page A-3), that the legal standard for validity of a re-examined patent is no different than for a patent which has not been re-examined.

Another interpretation is that Congress did not intend the standard of presumption of validity be altered—even after reexamination. However, this would appear to be contrary to the legislative intent of restoring confidence in the patent system, as expressed by Congress, the President, and as found by the Federal Circuit in *Patlex v. Mossinghoff*, 758 F.2d 594 (Fed. Cir. 1985). At least one commentator has stated "[T]he statutory presumption of validity offers the only direct avenue for reexamination to manifest an effect on the validity, from a patentability standpoint, of issued patents." Adamo, *supra*, at 643. Further, neither the District Court nor the Federal Circuit has discussed the nexus, if any, between the legislative intent of restoring confidence to the patent system, and the presumption of validity.

Thus, even if petitioner is incorrect in its interpretation of legislative intent and its manifestation in the presumption of validity, the public has not had the benefit of any discussion or

case law clarifying the legislative intent of this recently enacted, economically important, legislation.

This Court is no stranger to the importance of interpreting Congressional intent in the Patent Laws. See *Diamond v. Chakrabarty*, 447 U.S. 303 (1980). As this Court stated "once Congress has spoken, it is 'the province and duty of the judicial department to say what the law is.' " *Id.* at 315, *quoting Marbury v. Madison*, 5 U.S. (1 Cranch) 137, 177 (1803). Further, this Court has recognized the importance of *stare decisis* for the "broad societal interest in evenhanded, consistent, and predictable application of legal rules." *Thomas v. Washington Gas Light Co.*, 448 U.S. 261, 272 (1980). Thus, petitioner respectfully requests the grant of this petition for the purpose of clarifying Congressional intent and for the purpose of *stare decisis*.

CONCLUSION

The specific legislative intent of Congress is thwarted when judgments are affirmed without discussing legislative intent and opinions underlying such judgments are not citable as precedent. Certiorari should be granted to review the decision of the Federal Circuit.

Respectfully Submitted,

GEORGE C. LIMBACH
RONALD L. YIN
LIMBACH, LIMBACH & SUTTON
2001 Ferry Building
San Francisco, CA 94111
(415) 433-4150
Attorneys for Petitioner

(Appendix follows)

APPENDIX

Note: This opinion has not been prepared for publication in a printed volume because it does not add significantly to the body of law and is not of widespread legal interest. It is a public record. It is not citable as precedent. The decision will appear in tables published periodically.

United States Court of Appeals for the Federal Circuit

88-1173

U.S. Robotics, Inc.,
Plaintiff-Appellee,

v.

Business Computer Corporation,
Defendant-Appellant,

and

Michael D. Eaton,
Defendant.

Business Computer Corporation,
Plaintiff-Appellant,

v.

Prometheus Products, Inc.,
Defendant-Appellee.

Decided: August 17, 1988

Before Markey, *Chief Judge*, Nies and Michel, *Circuit Judges*. Markey, *Chief Judge*.

DECISION

Partial summary judgment by the U.S. District Court for the Northern District of California, No. C 84 6315 SC (Conti, J.) to Prometheus Products Incorporated and U.S. Robotics Incorporated (Prometheus), holding U.S. Patent No. B1 4,387,440 of

Business Computer Corporation (BCC) invalid. The case is before us having been certified under Fed. R. Civ. P. 54(b). We *affirm*.

OPINION

The district court correctly granted the motion for summary judgment. Summary judgment is appropriate because there is no genuine issue of fact, material to the conclusion as to whether the Eaton invention would have been obvious. Although validity of the patent is presumed under 35 U.S.C. § 282 (1982) and Prometheus had the burden of proof, BCC, to avoid summary judgment, must set forth specific facts showing the existence of a genuine issue of material fact for trial. *Celotex Corp. v. Myrtle Nell Catrett*, 477 U.S. 317, 322-23 (1986); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 250 (1986); *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 585-87 (1986). BCC has failed to set forth facts demonstrating genuine issues of material fact as to any of the inquiries involved in determining obviousness.

The district court correctly considered the obviousness of the Eaton invention under the criteria for determining obviousness under 35 U.S.C. § 103 (1982). *Graham v. John Deere Co.*, 383 U.S. 1, 17, 148 USPQ 459, 467 (1966). The White reference is prior art under 35 U.S.C. § 102(b) (1982) because White's device was "on sale in this country" more than one year prior to the filing of the patent application, i.e., in 1978 and early 1979.

The district court properly noted that none of the four alleged differences between the White system and the Eaton claims raises a genuine issue of material fact. The modem versus computer difference is an assertion of non-analogus art that fails because both are directed to the same problem. *Shatterproof Glass Corp. v. Libby-Owens Ford Co.*, 758 F.2d 613, 620, 225 USPQ 634, 638 (Fed. Cir.), *cert. dismissed*, 474 U.S. 976 (1985); *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1535, 218 USPQ 871, 876 (Fed. Cir. 1983). The dedicated controller versus standard computer difference fails because Eaton's means-plus-function claim subsumes the standard computer. The differences relating to the

escape signal and sequence were rejected during reexamination as not constituting patentable distinctions.

There is no genuine issue of material fact on the level of ordinary skill, which would clearly include an awareness of how to modify the White system.

The testimony of BCC's president regarding secondary considerations is insufficient to raise a genuine issue of material fact.

Whether White is no more relevant than Pugh does not raise a genuine issue of material fact. The issue is a legal one, i.e., whether the Eaton invention would have been obvious under 35 U.S.C. § 103 in view of White. The district court, in its analysis of the instant undisputed facts in accordance with the *Graham* obviousness inquiries, correctly determined that question in the affirmative.

Supreme Court, U.S.
FILED
DEC 16 1988
JOSEPH F. SPANIOL, JR.
CLERK

No. 88-811

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

BUSINESS COMPUTER CORPORATION, *Petitioner,*
and MICHAEL D. EATON,

VS.

U.S. ROBOTICS, INC., *Respondent.*

BUSINESS COMPUTER CORPORATION, *Petitioner,*

VS.

PROMETHEUS PRODUCTS, INC., *Respondent.*

BRIEF OF U.S. ROBOTICS, INC. IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

LELAND W. HUTCHINSON, JR.
Counsel of Record
SUSAN A. AARON
FREEBORN & PETERS
11 S. LaSalle Street
Chicago, IL 60603
(312) 750-9500
Counsel for Respondent
U.S. Robotics, Inc.

RULE 28.1 LIST

The respondent, U.S. Robotics, Inc., has no subsidiaries or affiliates to list pursuant to Rule 28.1.

TABLE OF CONTENTS

	PAGE
Reasons for Denying the Writ	1
Conclusion	5

TABLE OF AUTHORITIES

CASES — PAGE

Atari, Inc. v. *JS & A Group, Inc.*,
747 F.2d 1422 (Fed.Cir. 1984) 3

Christianson v. *Colt Industries Operating Corp.*,
798 F.2d 1051 (7th Cir. 1986) 3

Fromson v. *Advance Offset Plate, Inc.*,
755 F.2d 1549 (Fed.Cir. 1985) 3,4

F.T.C. v. *Grolier Inc.*,
462 U.S. 19, 103 S.Ct. 2209, n.6 (1983) 2

Hoover v. *Ronwin*,
466 U.S. 558, 574 104 S.Ct. 1989, n.25 2

Miree v. *DeKalb*,
433 U.S. 25, 97 S.Ct. 2490 (1977) 2

Oneida County, N.Y. v. *Oneida Indian Etc.*,
470 U.S. 226, 105 S.Ct. 1245, (1985) 2

Patlex Corp. v. *Mossinghoff*,
758 F.2d 594 (Fed.Cir. 1985) *modified*, 771 F.2d
480 (1985) 4

Rogers v. *Lodge*,
458 U.S. 613, 628, 102 S.Ct. 3272, 3281 n.10
(1982) 2

Stratoflex, Inc. v. *Aeroquip Corp.*,
713 F.2d 1530 (Fed.Cir. 1983) 3

CONSTITUTION, STATUTES AND RULES

35 U.S.C. § 282 1

35 U.S.C. § 305 4

28 U.S.C. § 1338 3

THIS PAGE INTENTIONALLY

LEFT BLANK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

BUSINESS COMPUTER CORPORATION, *Petitioner,*
and MICHAEL D. EATON,

VS.

U.S. ROBOTICS, INC., *Respondent.*

BUSINESS COMPUTER CORPORATION, *Petitioner,*

VS.

PROMETHEUS PRODUCTS, INC., *Respondent.*

BRIEF OF U.S. ROBOTICS, INC. IN OPPOSITION TO PETITION FOR CERTIORARI

U.S. Robotics, Inc., hereby opposes the Petition For A Writ of Certiorari To The United States Court of Appeals for the Federal Circuit filed in this case by Business Computer Corporation.

REASONS FOR DENYING THE WRIT

The question presented by petitioner is brought frivolously before this Court. Petitioner may not now argue that the presumption of patent validity established by 35 U.S.C. §282 is higher for re-examined patents than for other patents because it raises that issue for the first time before this Court. The question raised is not and cannot be in dispute among the Circuits because the Federal Circuit has

exclusive jurisdiction over all patent cases and is the only appellate court to rule on this issue. Moreover, the Federal Circuit has extensively considered the meaning and scope of this presumption of validity in a variety of situations, including cases involving re-examined patents. Its decisions establish that this presumption, like all presumptions, can neither be strengthened nor destroyed, but remains unchanged throughout any proceeding.

Petitioner's real motivation for filing this petition is even more troubling than the frivolous legal arguments which it makes. Petitioner has signed licenses of the patent in question. These licenses provide for certain benefits to petitioner during the term of the licenses. These licenses do not end, however, with the district court's declaration that the patent is invalid. They terminate only when the final appeal of that decision is denied. Thus, petitioner seeks to misuse this Court's process to prolong this litigation and thereby obtain a business advantage in the marketplace. Such conduct must not be countenanced. Respondent has filed herewith a Motion for Costs and Fees seeking costs and attorneys fees arising out of this frivolous appeal.

Petitioner's failure to raise the issue which they now argue in a timely manner below precludes its consideration now. *Hoover* v. *Ronwin*, 466 U.S. 558, 574, 104 S.Ct. 1989, 1998 n.25 (1984). This Court has frequently declined to address issues which are brought before it for the first time. *Oneida County, N.Y.* v. *Oneida Indian Etc.*, 470 U.S. 226, 244-245, 105 S.Ct. 1245, 1256-1257 (1985); *F.T.C.* v. *Grolier Inc.*, 462 U.S. 19, 23, 103 S.Ct. 2209, 2212 n.6 (1983); *Rogers* v. *Lodge*, 458 U.S. 613, 628, 102 S.Ct. 3272, 3281 n.10 (1982); *Miree* v. *DeKalb*, 433 U.S. 25, 33-34, 97 S.Ct. 2490, 2496 (1977). Nowhere is there to be found in the record below in either the district or appellate court the assertion that the presumption of validity is somehow

strengthened by the re-examination procedure. The argument that the burden of proof is further shifted as a result of re-examination is clearly one that needed to be raised at the district court level, if it was to be considered at all. Petitioner's failure to do so obviates the necessity of further consideration now.

No dispute among the various Circuits could present a reason for granting the instant petition. The Federal Circuit, of course, has exclusive jurisdiction over patent cases and is the only appellate court to consider such issues. 28 U.S.C. § 1338. See also, *Christianson* v. *Colt Industries Operating Corp.*, 798 F.2d 1051, 1057-1058 (7th Cir. 1986); *Atari, Inc.* v. *JS & A Group, Inc.*, 747 F.2d 1422, 1433-1440 (Fed.Cir. 1984).

The Federal Circuit has addressed repeatedly the meaning and extent of the presumption of patent validity. It has held consistently that the presumption exists for issued patents, but does not change. *Fromson* v. *Advance Offset Plate, Inc.*, 755 F.2d 1549, 1555 (Fed.Cir. 1985) (patent challenger's burden of proving invalidity does not become heavier because of reissue proceeding); *Stratoflex, Inc.* v. *Aeroquip Corp.*, 713 F.2d 1530, 1534 (Fed.Cir. 1983) (presumption of validity is not "weakened" or "destroyed" because art more pertinent than that considered by the examiner is presented). In *Fromson*, the Federal Circuit rejected an argument which is almost identical to that made here by petitioner. The appellant in *Fromson* argued that the presumption of validity was strengthened because the Patent and Trademark Office ("PTO") had considered in a reissue proceeding all of the prior art presented at trial and was unimpressed. The Court rejected that approach:

> . . . [T]he presumption, like all presumptions, is static—that is, it can neither be strengthened or [sic] destroyed. The presumption of validity under § 282 is a

> procedural device, placing the burden of proving invalidity on the party asserting it. It is not substantive law.

755 F.2d at 1555.

Petitioner has failed to cite even a single case which directly supports its burden shifting argument. The decision in *Patlex Corp.* v. *Mossinghoff*, 758 F.2d 594 (Fed.Cir. 1985) *modified*, 771 F.2d 480 (1985), petitioner's primary authority, is actually helpful to respondent in this case. The court in *Patlex* clearly stated that the purpose of re-examination is to revive the administrative jurisdiction of the PTO over issued patents to permit the PTO to remedy prior administrative errors. *Id.* at 601, 605. The court noted that a patent undergoing re-examination is processed under procedures identical with those used to process unexamined patent applications. *Id.* at 605. *See also*, 35 U.S.C. § 305. The presumption of validity is nothing more than a presumption of administrative correctness which arises from the PTO examination procedure, whether an original examination or a re-examination. *Id.* at 605. There is no logical or legal reason that the presumption of validity would be any greater or different after a re-examination during which the PTO corrects prior administrative errors than it is after a normal original examination in which no administrative errors have been made.

The record shows that the District Court accorded the patent examiner's findings the proper weight and that the patent was indeed presumed valid until that presumption was overcome by clear and convincing evidence of obviousness. No further question concerning the presumption of validity can exist. The Federal Circuit's decision affirming the lower court's grant of summary judgment is correct and should not be disturbed.

CONCLUSION

For the above stated reasons, the Petition For A Writ of Certiorari To The United States Court of Appeals For The Federal Circuit should be denied.

Respectfully submitted,

LELAND W. HUTCHINSON, JR.
Counsel of Record
SUSAN A. AARON
FREEBORN & PETERS
11 So. LaSalle Street
Chicago, IL 60603
(312) 750-9500
Attorneys for Respondent
U.S. Robotics, Inc.

December 16, 1988

THIS PAGE INTENTIONALLY

LEFT BLANK

No. 88-811

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

BUSINESS COMPUTER CORPORATION, *Petitioner,*
and MICHAEL D. EATON,

VS.

U.S. ROBOTICS, INC., *Respondent.*

BUSINESS COMPUTER CORPORATION, *Petitioner,*

VS.

PROMETHEUS PRODUCTS, INC., *Respondent.*

CERTIFICATE OF SERVICE

I, LELAND W. HUTCHINSON, a member of the Bar of this Court, hereby certify that on this 16th day of December, 1988, three copies of the BRIEF OF U.S. ROBOTICS, INC. IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI in the above entitled case were mailed, first class postage prepaid, to the following counsel for petitioner:

GEORGE C. LIMBACH
RONALD L. YIN
LIMBACH, LIMBACH & SUTTON
2001 Ferry Building
San Francisco, CA 94111

I further certify that all parties required to be served have been served.

LELAND W. HUTCHINSON, JR.
Leland W. Hutchinson, Jr.
Freeborn & Peters
11 South LaSalle Street
Suite 1500
Chicago, Illinois 60603
(312) 750-9500
Counsel for Respondent

MOTION FILED
DEC 19 1988

(3)

No. 88-811

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

BUSINESS COMPUTER CORPORATION, *Petitioner,*
and MICHAEL D. EATON,

VS.

U.S. ROBOTICS, INC., *Respondent.*

BUSINESS COMPUTER CORPORATION, *Petitioner,*

VS.

PROMETHEUS PRODUCTS, INC., *Respondent.*

RESPONDENT'S MOTION FOR ATTORNEYS' FEES AND COSTS

LELAND W. HUTCHINSON, JR.
Counsel of Record
SUSAN A. AARON
FREEBORN & PETERS
11 S. LaSalle Street
Chicago, IL 60603
(312) 750-9500
Attorney for Respondent
U.S. Robotics, Inc.

23 pp

TABLE OF AUTHORITIES

CASES PAGE

Crumpacker v. *Indiana Supreme Court Disciplinary Commission*, 470 U.S. 1074, 105 S.Ct. 1829 (1985) 2

Talamini v. *Allstate Insurance Company*, 470 U.S. 1067, 105 S.Ct. 1824 (1985) 2

Park Avenue Investment & Development, Inc. v. *Barkheimer, II*, 471 U.S. 1108, 105 S.Ct. 2171 (1985) 2

CONSTITUTION, STATUTES AND RULES

Supreme Court Rule 49.2 1,2

28 U.S.C. §1912 1,2

THIS PAGE INTENTIONALLY

LEFT BLANK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

BUSINESS COMPUTER CORPORATION, *Petitioner,*
and MICHAEL D. EATON,

VS.

U.S. ROBOTICS, INC., *Respondent.*

BUSINESS COMPUTER CORPORATION, *Petitioner,*

VS.

PROMETHEUS PRODUCTS, INC., *Respondent.*

RESPONDENT'S MOTION FOR AN AWARD OF COSTS AND FEES

The respondent, U.S. Robotics, Inc., respectfully moves this Court pursuant to Supreme Court Rule 49.2 and 28 U.S.C. §1912 to award reasonable costs and attorneys fees for opposing petitioner's frivolous appeal. As grounds for this motion, respondent states the following:

1. Respondent should be awarded its attorneys' fees and costs of opposing the Petition for Writ of Certiorari in this case. As set forth in the Brief In Opposition to the Petition, the entire appeal is frivolous, being filed solely to prolong this litigation and to obtain collateral benefits from patent licenses which remain in force until all appeals are finally decided.

2. For instance, the patent licence agreement between petitioner Business Computer Corporation and Hayes Microcomputer Products, Inc. dated September 15, 1983 provides in Article V, Section 2 as follows:

> Should the Licensed Patent be held invalid by a court . . . decision which cannot be appealed or as to which the time for appeal has expired without an appeal being taken, HAYES shall have the option to terminate this Agreement . . .

Agreement at 5 (see, Appendix).

3. Petitioner, thus, has attempted to invoke the Supreme Court's jurisdiction by filing an utterly frivolous claim that the presumption of validity should have been enhanced after the re-examination procedure. This misuse of the Court's process is the type of conduct 28 U.S.C. §1912 and Supreme Court Rule 49.2 were specifically intended to prevent. *Crumpacker* v. *Indiana Supreme Court Disciplinary Commission*, 470 U.S. 1074, 105 S.Ct. 1829 (1985) (Costs awarded under Rule 49.2 due to a frivolous claim). *See also, Talamini* v. *Allstate Insurance Company*, 470 U.S. 1067, 1072 105 S.Ct. 1824, 1827 (1985) (Burger, J., dissenting) (Frivolous claim should subject the attorney to sanctions under Rule 49.2 of the Supreme Court); *Park Avenue Investment & Development, Inc.* v. *Barkheimer, II*, 471 U.S. 1108, 105 S.Ct. 2171 (1985) (Burger, J., dissenting) (filing petition for certiorari to delay collection of a debt should subject the attorney to sanctions under Rule 49.2.)

4. Should the instant motion be granted, respondent seeks leave to file its affidavit setting forth the costs and fees necessitated by petitioner's frivolous appeal.

CONCLUSION

For the reasons set forth above, as well as those contained in Respondent's Brief in Opposition to Petition For Writ of Certiorari, respondent, U.S. Robotics, Inc., prays that the court grant the motion for costs and fees.

Respectfully submitted,

LELAND W. HUTCHINSON, JR.
Counsel of Record
SUSAN A. AARON
FREEBORN & PETERS
11 S. LaSalle Street
Chicago, IL 60603
(312) 750-9500
Attorney for Respondent
U.S. Robotics, Inc.

December 16, 1988

CERTIFICATE OF COUNSEL

As counsel for respondent, U.S. Robotics, Inc., I hereby certify that this motion for fees and costs is presented in good faith pursuant to Rule 49.2 and 28 U.S.C. § 1912.

LELAND W. HUTCHINSON, JR.
Counsel for Respondent

(Appendix follows)

APPENDIX

AGREEMENT

THIS AGREEMENT, made and effective as of September 15, 1983, is between BUSINESS COMPUTER CORPORATION, a corporation of the State of California, having a place of business at 532 Weddell Drive, Sunnyvale, California, 94089 (hereinafter referred to as "BIZCOMP"), and HAYES MICROCOMPUTER PRODUCTS, INC., a corporation of the State of Georgia, having a place of business at 5923 Peachtree Industrial Boulevard, Norcross, Georgia, 30092 (hereinafter referred to as "HAYES").

WITNESSETH:

WHEREAS, BIZCOMP is the owner of United States Letters Patent No. 4,387,440 issued June 7, 1983, for MODEM CONTROL DEVICE CODE MULTIPLEXING;

WHEREAS, HAYES manufactures and sells products some of which embody the invention of United States Letters Patent No. 4,387,440, and desires to obtain non-exclusive license from BIZCOMP to manufacture, have made for it, use, sell, lease or otherwise dispose of such products;

WHEREAS, BIZCOMP has filed trademark application Serial No. 261,642 in the United States Patent and Trademark Office for registration of the mark "INTELLIGENT MODEM"; and

WHEREAS, HAYES has filed an opposition in the United States Patent and Trademark office opposing the grant of any registration to BIZCOMP on the basis of such application.

NOW, THEREFORE, for good and valuable consideration, the receipt of which by each party is hereby acknowledged, and in consideration of the mutual covenants and undertakings set forth herein, it is agreed between BIZCOMP and HAYES as follows:

ARTICLE I

DEFINITIONS.

Section 1. The term "Licensed Patent" shall mean United States Letters Patent No. 4,387,440, entitled "MODEM CONTROL DEVICE CODE MULTIPLEXING", issued June 7, 1983, naming Michael D. Eaton as inventor, and any extensions or reissues thereof.

Section 2. The term "Licensed Product" as used herein shall mean any device which embodies an invention covered by one or more claims of the Licensed Patent in force at the time of the manufacture, use, sale, lease or other disposition of such device.

Section 3. The term "Subsidiary" shall mean any corporation or other kind of business organization of which HAYES now or hereafter has direct or indirect ownership or control.

ARTICLE II

LICENSE GRANT, RELEASE AND WARRANTY.

Section 1. BIZCOMP hereby grants to HAYES and its Subsidiaries, a non-exclusive license under the Licensed Patent to make, have made for it, use, sell, lease or otherwise dispose of Licensed Products for the term and on the terms and conditions hereinafter set forth.

Section 2. Nothing contained herein shall be construed either expressly or by implication as granting rights to or under any patent other than the Licensed Patent, nor as a

warranty or guarantee that the Licensed Product does not infringe a patent or other proprietary right of a third party.

Section 3. BIZCOMP hereby releases HAYES from any and all claims that BIZCOMP has or may have against HAYES for infringement of the Licensed Patent from the date of the issuance thereof to the present.

Section 4. BIZCOMP warrants its title to the Licensed Patent and its authority to enter into this License Agreement.

ARTICLE III

PARTIAL CONSIDERATION.

Section 1. In partial consideration of BIZCOMP providing HAYES with more favorable license terms relative to the License Patent than BIZCOMP intends to offer to others, HAYES has taken steps satisfactory to BIZCOMP to dismiss with prejudice the HAYES opposition in the United States Patent and Trademark Office to the registration by BIZCOMP of the mark "INTELLIGENT MODEM", and hereby agrees not to institute any other action having as a purpose interference with either the use or the right of BIZCOMP in the mark "INTELLIGENT MODEM".

Section 2. HAYES further agrees that upon request by BIZCOMP and at the expense of BIZCOMP, HAYES shall, and shall cause its President Dennis C. Hayes to, reasonably cooperate with BIZCOMP in efforts to publicize the granting of the patent license to HAYES by participating in the issuance of a joint press release with BIZCOMP, in order to facilitate the licensing by BIZCOMP of others. BIZCOMP is hereby granted a license by HAYES to use the HAYES name and logo in such press release; provided, however, BIZCOMP agrees that HAYES shall have a right

of prior written approval of the form and substance of such press release and of such use of the HAYES name and logo, which approval shall not be unreasonably withheld or delayed by HAYES.

ARTICLE IV

FINANCIAL CONSIDERATION.

Section 1. HAYES shall make the following payments to BIZCOMP totalling Two Million and no/100 ($2,000,000.00) Dollars: at the time of executing this Agreement, the sum of Four Hundred Fifty Thousand and no/100 ($450,000.00) Dollars; on the last day of December 1983, the sum of Two Hundred Thousand and no/100 ($200,000.00) Dollars; on the last day of March 1984, the sum of Two Hundred Thousand and no/100 ($200,000.00) Dollars; on the last day of June 1984, the sum of Two Hundred Eighty Thousand and no/100 ($280,000.00) Dollars; on the last day of September 1984, the sum of Two Hundred Eighty Thousand and no/100 ($280,000.00) Dollars; on the last day of December 1984, the sum of Two Hundred Eighty Thousand and no/100 ($280,000.00) Dollars; on the last day of March, 1985, the sum of Three Hundred Ten Thousand and no/100 ($310,000.00) Dollars.

ARTICLE V

TERM AND TERMINATION.

Section 1. This Agreement shall remain in full force and effect, unless otherwise terminated in accordance with its terms from the date first above written until the final expiration of the Licensed Patent or any extension or reissue thereof.

Section 2. Should the Licensed Patent be held invalid by a court, arbitration or administrative agency decision which cannot be appealed or as to which the time for appeal has expired without an appeal being taken, HAYES shall have the option to terminate this Agreement and make no payment to BIZCOMP not already accrued under Article IV. Such termination, however, shall not entitle HAYES to recoupment of any payment made or accrued under Article IV.

Section 3. If either party shall fail to observe or perform any covenant of this Agreement or shall commit any breach of any covenant or agreement herein contained, or violate any of its obligations or shall at any time default in making any payments hereunder, the other party may give written notice thereof specifying the same in reasonable detail and if the defaulting party shall not within thirty (30) days of such notice cure, correct or make good the same, this Agreement shall, at the option of the non-breaching party, terminate at the end of such thirty (30) day period. In the event a provision of this Agreement is in breach by one party, any obligation or commitment contained herein for the non-breaching party shall be stayed until such time as the breach is cured, corrected or made good.

Section 4. Should HAYES at any time prior to satisfying all of the payment requirements of Article IV hereof, become insolvent or make any assignment for the benefit of creditors, this Agreement shall thereupon automatically terminate and any obligations of BIZCOMP hereunder shall cease forthwith.

Section 5. Should HAYES at any time prior to satisfying all of the payment requirements of Article IV hereof, file for or commence proceedings in Bankruptcy under the

Bankruptcy Proceedings of the United States of America or any State thereof (other than as a creditor or other party proceeding against a debtor in bankruptcy), this Agreement shall thereupon automatically terminate and any obligations of BIZCOMP hereunder shall cease forthwith.

Section 6. Should HAYES at any time prior to satisfying all of the payment requirements of Article IV hereof, have filed against it any involuntary Bankruptcy proceeding or should a receiver or trustee be appointed for the property of HAYES, and within sixty (60) days such bankruptcy proceeding is not dismissed or the appointment of such receiver or trustee is not terminated, then at the end of such sixty (60) days, this Agreement shall terminate and any obligations of BIZCOMP hereunder shall cease forthwith.

Section 7. Termination or cancellation of this Agreement in accordance with its terms or for any other reason shall not be construed (a) to release either party from any obligation accrued or matured prior to the effective date of such termination, (b) require any repayment of any sum made or accrued while this Agreement is in effect, nor (c) affect any other rights or remedies either party might otherwise have. No failure or delay on the part of either party in exercising either its rights of termination or any other remedy it might have for any one or more defaults or breaches shall be construed as prejudicing its rights of termination or any other remedy it may have for any other or subsequent default or breach. Upon termination of this Agreement for whatever reason, HAYES shall have the right to complete all work it then has in process and to fill all orders it then has accepted.

ARTICLE VI

PATENT CONSTRUCTION.

Section 1. If a judgment, decree or award is entered in any legal proceeding (including without limitation, an arbitration proceeding) construing the validity or scope of any claim or claims of the Licensed Patent, which judgment, decree or award becomes irrevocable, the construction placed upon such claim or claims by such irrevocable judgment, decree or award shall thereafter be followed as to such claim or claims, and as to all claims to which such construction applies with respect to acts occurring thereafter. If such an irrevocable judgment, decree or award should hold any claim invalid, no payments shall thereafter be payable hereunder with respect to such invalid claim or to any broader claim to which said irrevocable judgment, decree or award may be applicable, and any claim held to be restricted in scope and other claims to which the holding is applicable shall be given the constructions specified by such irrevocable judgment, decree or award for the purpose of determining whether payments are payable by HAYES to BIZCOMP under this Agreement.

ARTICLE VII

ASSIGNMENT.

Section 1. HAYES shall not assign or otherwise transfer this Agreement or the license granted hereunder, by operation of law or otherwise, without the prior written consent of BIZCOMP, except as a part of a transfer of its full business relating to the manufacture and sale of devices which embody the Licensed Patent. Any attempted assignment or transfer in violation of this paragraph shall be null and void. Should HAYES attempt such assignment or transfer, BIZCOMP shall have the right to terminate this Agreement by giving HAYES written notice of such termi-

nation within thirty (30) days after learning of the attempted assignment or transfer.

ARTICLE VIII

PATENT NON-ASSERTION.

Section 1. BIZCOMP agrees not to assert a claim of patent infringement against any of the customers of HAYES arising by reason of HAYES manufacture, causing to be manufactured for it, use, sale, leasing or other disposition of the Licensed Products during the life of this Agreement, as long as HAYES is fulfilling its payment obligations described in Article IV hereof in accordance with the provisions of this Agreement.

ARTICLE IX

VALIDITY OF LICENSED PATENT.

Notwithstanding any other provisions of this Agreement, including without limitation Section 1 of Article IV and Sections 2 and 7 of Article V, the following Section 1 and Section 2 shall be controlling:

Section 1. Within thirty (30) days of the service on BIZCOMP or an attorney for BIZCOMP of a pleading placing before any court of competent subject matter jurisdiction a challenge to the validity of any of the claims of the Licensed Patent or within thirty (30) days of the filing of a request for reexamination of the Licensed Patent, BIZCOMP shall give HAYES notice of and a copy of such pleading or request, together with a complete identification of the action in which such pleading or request was filed, and should such challenge result in a decision that all claims of the Licensed Patent are invalid, HAYES shall thereafter have the right to pay all subsequent payments required under Article IV hereof, as they come due, to an escrow

agent selected by BIZCOMP and approved by HAYES, until the decision of invalidity is reversed on appeal or the time for appeal has expired with no appeal having been taken, with the amounts paid into such escrow account to be paid over to BIZCOMP upon a final reversal of such decision of invalidity or to be returned to HAYES upon a final affirmance of such holding of invalidity or upon expiration of the time for appeal with no appeal having been taken. The escrow agent shall invest such payments in an interest bearing account and all accrued interest thereon shall be paid to the party hereto which ultimately is paid the amounts paid into escrow by HAYES as described herein.

Section 2. Within thirty (30) days of the initiation of an arbitration proceeding in which the validity of any of the claims of the Licensed Patent is disputed, BIZCOMP shall give HAYES notice of such proceeding and a copy of the notice, demand, agreement to arbitrate or other paper initiating the arbitration. Thereafter, BIZCOMP shall, within ten (10) days of the service or sending thereof, give HAYES a copy of every paper served on the arbitrator or sent by the arbitrator which corresponds to a pleading, motion, brief, or order in a law suit; and within ten (10) days of the arbitrator's award, BIZCOMP shall give HAYES a copy thereof. If the arbitrator's award hold all of the claims of the patent invalid, HAYES shall thereafter have the right to pay all subsequent payments required by Article IV hereof, as they come due, to an escrow agent selected by BIZCOMP and approved by HAYES, until the award is reversed on appeal or the time for appeal has expired with no appeal having been taken, with the escrow payment to be paid over to BIZCOMP upon a final reversal of such award or to be returned to HAYES upon a final affirmance of such award or upon expiration for the time for appeal with no appeal having been taken. The escrow agent

shall invest such payments in an interest bearing account and all accrued interest thereon shall be paid to the party hereto which ultimately is paid the amounts paid into escrow by HAYES as described herein.

ARTICLE X

MARKING.

Section 1. HAYES shall mark all Licensed Products or the exterior of the packaging in which the Licensed Products are shipped by HAYES as follows: "Licensed under BIZCOMP U.S. Patent No. 4,387,440" or an equivalent patent marking approved by BIZCOMP.

ARTICLE XI

NOTICES.

Section 1. Any notice, paper, report or payment to be sent hereunder shall be hand delivered or sent by United States certified mail, return receipt requested, to the address designated below, or to such other address either party may designate for itself by formal notice to the other:

BIZCOMP:

Business Computer Corporation
532 Weddell Drive
Sunnyvale, California 94089
Attn: Michael D. Eaton, President

HAYES:

Hayes Microcomputer Products, Inc.
5923 Peachtree Industrial Boulevard
Norcross, Georgia 30092
Attn: Dennis C. Hayes, President

Any notice sent hereunder by United States certified mail, return receipt requested, to the address designated above, or to such other address either party may designate for itself by formal notice to the other, shall be deemed to have been given three (3) days after the date of deposit in the United States Mail.

ARTICLE XII

LAW.

Section 1. This Agreement and the rights and obligations hereunder shall be construed and governed by the laws of the State of California.

ARTICLE XIII

ARBITRATION.

Section 1. Any controversy, claim or question arising out of, because of, or relating to this Agreement, its terms or their construction, or the breach thereof, shall be settled by arbitration in accordance with the Patent Arbitration Rules of the American Arbitration Association, to the extent the same is not covered by an optional remedy set forth in this Agreement elected by the alleged injured party, with the losing party paying all costs of the arbitration. The arbitration shall be held in Palo Alto, California. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

ARTICLE XIV

SUCCESSORS.

Section 1. This Agreement shall be binding upon, and enure to the benefit of, the permitted heirs, assigns, successors and personal representatives of the parties hereto.

ARTICLE XV

ENFORCEMENT.

Section 1. In the event it becomes necessary for either party to resort to legal actions against the other party to collect any sums due hereunder or otherwise to enforce the terms of this Agreement, the parties agree that the successful party in any such legal action shall be entitled to all of its costs associated with such legal action, including attorneys' fees, from the other party.

ARTICLE XVI

ENTIRE AGREEMENT.

Section 1. This Agreement states the entire agreement of the parties and all representations and negotiations are merged herein. No modification or amendments to this Agreement shall be binding unless in writing and signed by the party to be charged therewith.

ARTICLE XVII

MISCELLANEOUS.

Section 1. Neither party hereto shall be liable to the other for any indirect, special or consequential damages; nor be responsible for delays or failures in performance resulting from acts beyond its control. Headings used in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement. If any provision of this Agreement is determined to be invalid or unenforceable, the remaining provisions in this Agreement shall not be affected thereby and shall be binding upon the parties hereto and shall be enforceable as though such invalid or unenforceable provision was never contained herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

BUSINESS COMPUTER
CORPORATION

By: MICHAEL D. EATON
Michael D. Eaton, President

HAYES MICROCOMPUTER
PRODUCTS, INC.

By: DENNIS C. HAYES
Dennis C. Hayes, President

THIS PAGE INTENTIONALLY

LEFT BLANK

No. 88-811

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

BUSINESS COMPUTER CORPORATION, *Petitioner,*
and MICHAEL D. EATON,

VS.

U.S. ROBOTICS, INC., *Respondent.*

BUSINESS COMPUTER CORPORATION, *Petitioner,*

VS.

PROMETHEUS PRODUCTS, INC., *Respondent.*

CERTIFICATE OF SERVICE

I, LELAND W. HUTCHINSON, a member of the Bar of this Court, hereby certify that on this 16th day of December, 1988, three copies of the RESPONDENT'S MOTION FOR ATTORNEYS' FEES AND COSTS in the above entitled case were mailed, first class postage prepaid, to the following counsel for petitioner:

GEORGE C. LIMBACH
RONALD L. YIN
LIMBACH, LIMBACH & SUTTON
2001 Ferry Building
San Francisco, CA 94111

I further certify that all parties required to be served have been served.

LELAND W. HUTCHINSON, JR.
Leland W. Hutchinson, Jr.
Freeborn & Peters
11 South LaSalle Street
Suite 1500
Chicago, Illinois 60603
(312) 750-9500
Counsel for Respondent

Supreme Court, U.S.
FILED
JAN 6 1989
JOSEPH F. SPANIOL, JR.
CLERK

No. 88-811

In The

Supreme Court of the United States

October Term, 1988

BUSINESS COMPUTER CORPORATION,
and MICHAEL D. EATON,

Petitioner,

vs.

U.S. ROBOTICS, INC.,

Respondent.

BUSINESS COMPUTER CORPORATION,

Petitioner,

vs.

PROMETHEUS PRODUCTS, INC.,

Respondent.

PETITIONER'S OPPOSITION TO RESPONDENT'S MOTION FOR ATTORNEYS' FEES AND COSTS

George C. Limbach
Ronald L. Yin
Limbach, Limbach & Sutton
2001 Ferry Building
San Francisco, CA 94111
(415) 433-4150
Counsel for Petitioner
Business Computer Corp.

TABLE OF CONTENTS

Page

I. The Petition Was Not Filed Solely To Prolong This Litigation..... 2

II. The Petition Is Not Frivolous..... 3

III. Conclusion..... 4

TABLE OF AUTHORITIES

Page

CASES

Crumpacker v. Indiana Supreme Court Disciplinary Commission, 470 U.S. 1074, 105 S.Ct. 1829 (1985) 2

Talamini v. Allstate Insurance Company, 470 U.S. 1067, 105 S.Ct. 1824 (1985) 2

CONSTITUTION, STATUTES AND RULES

28 U.S.C. § 1912 1

Supreme Court Rule 49.2 1

No. 88-811

In The

Supreme Court of the United States

October Term, 1988

BUSINESS COMPUTER CORPORATION,
and MICHAEL D. EATON,

Petitioner,

vs.

U.S. ROBOTICS, INC.,

Respondent.

BUSINESS COMPUTER CORPORATION,

Petitioner,

vs.

PROMETHEUS PRODUCTS, INC.,

Respondent.

PETITIONER'S OPPOSITION TO RESPONDENT'S MOTION FOR ATTORNEYS' FEES AND COSTS

The Respondent, U.S. Robotics, Inc., has moved this Court pursuant to Supreme Court Rule 49.2 and 28 U.S.C. §1912 to award reasonable costs and attorneys' fees for opposing Petitioner's Petition For Writ Of Certiorari. For

the reasons set forth below, Petitioner respectfully submits that Respondent's Motion should be denied.

I. THE PETITION WAS NOT FILED SOLELY TO PROLONG THIS LITIGATION

The alleged basis for Respondent's Motion for an award of costs and fees is that the Petitioner's petition is a frivolous one, being filed solely to prolong this litigation. In support thereof, Respondent cited *Crumpacker v. Indiana Supreme Court Disciplinary Commission*, 470 U.S. 1074, 105 S.Ct. 1829 (1985) and *Talamini v. Allstate Insurance Company*, 470 U.S. 1067, 1072, 105 S.Ct. 1824, 1827 (1985).

These cases are not applicable for the following reason. Those cases deal with clear and obvious defects, i.e. jurisdiction. Even then, this Court denied the motion for attorneys' fees and costs. Further, this Court upheld the principle of freedom of access to the judiciary in a democratic society and the chilling effect the imposition of sanction would have on that access. (*Talamini*, 470 U.S. at 1070-71).

In addition, the factual basis for Respondent's motion is flawed. In support of its arguments, Respondent cited the agreement made and effective as of September 15, 1983 between Business Computer Corporation and Hayes Microcomputer Products, Inc., attached as an appendix to Respondent's Motion. As that agreement plainly states, Hayes, the Licensee, would make payments to Business Computer Corporation totalling Two Million Dollars ($2,000,000) with the last payment due on

the last day of March 1985 (Article IV, page A-4). As Respondent is fully aware, Hayes has made all of these payments, and Hayes has thereby obtained a fully paid-up license under the agreement. Thus, no matter what the outcome of the petition is, no payment whatsoever is due from Hayes.

II. THE PETITION IS NOT FRIVOLOUS

As Petitioner stated in its petition, the question of the level or the magnitude of the presumption of validity has important economic considerations to the patent legal system. In its appeal brief to the Court of Appeals for the Federal Circuit, Petitioner urged the Federal Circuit to adopt the standard that the presumption of validity is enhanced by the result of the re-examination proceeding, where the art before the court is no more relevant than what was presented during the re-examination process. (See page 18, a page of the appeal brief by the Petitioner to the Federal Circuit, attached herewith as an appendix.)

Petitioner urged the Federal Circuit to reverse the District Court opinion because the District Court did not appear to have given *greater* deference due to the Re-Examined Patent having been re-examined by the Patent Office in light of the Pugh reference (prior reference before the Patent Office, cited during re-examination). The Federal Circuit decision showed that the Federal Circuit Court was not inclined to adopt that standard. The Federal Circuit stated:

> "Whether White (the new reference) is no more relevant than Pugh (the prior reference) does not raise a genuine material issue of fact."

Thus, the question of the presumption of validity is not an issue that has been raised for the first time on this Petition. Further, Petitioner has never urged that the burden of proof as a result of the re-examination be shifted. Rather, the question is the magnitude of the presumption of validity.

III.

CONCLUSION

For the reasons set forth above, Business Computer Corporation requests the denial of the Motion by Respondent U.S. Robotics, Inc. for costs and fees.

Respectfully submitted,

GEORGE C. LIMBACH
RONALD L. YIN
LIMBACH, LIMBACH & SUTTON
2001 Ferry Building
San Francisco, CA 94111
(415) 433-4150
Attorneys for Petitioner
Business Computer Corporation

January 6, 1989.

APPENDIX

TABLE OF CONTENTS

Page

I. STATEMENT OF ISSUES 1

II. STATEMENT OF THE CASE 2

III. STATEMENT OF FACTS 4

A. Background 4

B. Eaton Invention 5

C. Patent Office Proceedings 9

D. White Reference 11

IV. ARGUMENT 14

A. Standard Of Review 14

B. Summary Of The Argument 15

C. The District Court Failed To Compare The Relevance Of The White Reference To The Pugh Reference 16

D. The White Reference Is No More Relevant Than The Pugh Reference 18

E. Appellees Have Failed To Carry Their Burden Of Proof In Demonstrating The ABSENCE Of All Material Issues Of Fact .. 21

1. Scope and content of the prior art ... 21

2. Differences between the invention as claimed and the prior art 24

3. Level of ordinary skill 28

4. Claim construction 29

5. Secondary considerations 32

F. The White Reference Was Not Even Prior Art 34

1. The White reference was not on sale 35

2. The White reference was not in public use 37

* * *

considered by the PTO *and* further, the Patent Examiner made specific findings as to its inapplicability.

In *American Hoist & Derrick Co.*, this Court stated that following a successful reissue application,

> [I]t is clearly appropriate that the jury be instructed that because the PTO has now held the claims in suit patentable in light of the additional art discovered by Sowa, its burden of proof of unpatentability has become more difficult to sustain – a fact likewise to be taken into account by the trial judge. *American Hoist & Derrick Co.*, 725 F.2d at 1364, 220 USPQ at 774.

Thus, it was an error for the District Court not to have discussed at all the relevance of the White reference relative to the Pugh reference. Further, the District Court did not appear to have given greater deference due to the Re-Examined Eaton Patent having been re-examined by the PTO in the light of the Pugh reference, as mandated by this Court. This was in error.

D. The White Reference Is No More Relevant Than The Pugh Reference

The similarity between the teaching of the Pugh reference and the White reference was established by Appellant's expert, Richard Calfee (A4286, line 1-7). Specifically,

1. The White reference, like the Pugh reference is an application program (A4286, line 12-16; A4284, line 16-19);

2. The White reference was used in a general purpose S-100 bus type computer – as was the Pugh reference (A4286, line 12-19);

3. The S-100 bus computer of White and Pugh used a Hayes modem board (A4286, line 19-20; A8265 line 17-19);

4. The application programs of White and Pugh were intended for telecommunication purpose (A4286, line 20-22);

* * *